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ABSTRACT

The United States is in need of new strategies to address the historic inequity of access to its colleges and universities. Australia, with its system of deferred tuition and income-contingent repayment, can serve as a source of insight and guidance in addressing this problem and function as an interesting and helpful comparative case. In this study, a review of research on the efficacy of Australia's Higher Education Contribution Scheme is combined with an analysis of interviews conducted with 17 stakeholders from within and outside the Australian university system in which participants shared their views on the extent to which beliefs and values regarding the private and public benefits of higher education influence policy development and legislation and the merits of various alternative university finance and government models. Consideration is given to the applicability of the Australian model as a means of improving higher education access in the United States. (Contains 47 references.) (Author/SLD)

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The United States is in need of new strategies to address the historic inequity of access to its colleges and universities. Australia, with its system of deferred tuition and income-contingent repayment, can serve as a source of insight and guidance in addressing this problem and function as an interesting and helpful comparative case. In this study, a review of research on the efficacy of the Higher Education Contribution Scheme is combined with an analysis of interviews conducted with various stakeholders from within and outside the Australian university system, in which participants shared their views on the extent to which beliefs and values regarding the private and public benefits of higher education influence policy development and legislation, and the merits of various alternative university finance and governance models. Consideration is given to the applicability of the Australian model as a means of improving higher education access in the United States.

The Relationship of Public and Private Benefit, University Fee Structures, and Higher Education Access: The Case of Australia

The United States is in need of new strategies to address the historic inequity of access to its colleges and universities. This problem has been exacerbated in recent years by rising tuition costs, a growing public policy shift from need-based to merit-based financial aid, and an increasing reliance on loans versus grants as a primary student assistance strategy. With the continued widening of the income and social inequality gap in the United States, and with the economic and democratic needs of society requiring individuals with increasing levels of education and training, it remains more important than ever that college be made both accessible and affordable for all persons. However, the goal of full socioeconomic equity in higher education remains frustratingly elusive, particularly in the current climate of tuition increases and reductions in state appropriations across the country.

While economic trends have led to recent decreases in governmental support for higher education and a substantial rise in student fees, the cost of college has in fact steadily risen over the past two decades, often at twice or three times the rate of inflation. Since 1980, tuition at four-year colleges and universities has increased by more than 115 percent over the consumer price index (College Board, 2000). While various sources of financial aid are available to help make higher education more accessible, affordability is a relative concept. For many Americans, the rising share of income that is required to attend university makes going to college an increasingly difficult proposition. Although the average financial aid award for full-time students has risen 79 percent since 1981, tuition and fees have more than doubled. By contrast,

family income has risen an average of just 20 percent in the same time period (College Board, 2000).

Expanding access and opportunity in higher education is critical both to individual participants and to society when postsecondary attendance represents a vehicle for economic growth and for the development of strong, stable social and political institutions. A college degree also serves as a significant "social escalator" for individuals from disadvantaged groups. As Somers, Cofer and VanderPutten (2002) note, "considered in the larger context of social mobility, completion of the bachelor's degree has been equated with membership in the American middle class" (p. 93). Yet while approximately 62 percent of American high school seniors attend college, vast discrepancies exist in access and retention rates by both race and socioeconomic status (McDonough, 1997). Persons of lesser financial means—perhaps those who could most benefit from higher education—attend college at significantly lower rates than their wealthier peers. The college participation rate of individuals from families earning less than $25,000 per year is 32% less than those from families with annual incomes above $75,000, a differential that has changed little over the past three decades (Advisory Committee on Student Financial Assistance, 2001). Even among the cohort of highest-ability high school students, 86 percent of high-socioeconomic status individuals attend college, while only 60 percent of members of low-SES groups do so (Gardner, 1987).

Not only are attendance rates of poor students low compared to their wealthier peers, but also participation of the former in higher education has actually dropped over the past three decades. Mortenson (1991, 1993) reports that in 1970, an individual in the bottom income quartile held a 16 percent chance of earning a bachelor's degree compared to a person in the top quartile. By 1989, that figure had dropped to 11 percent, and in 1993 stood at only 10 percent.

In regard to this unfortunate wasting of talent and opportunity, Beth Macy (2000) states, "intelligence and creativity are found at every income level. To not assist in developing the intelligence of poor people is not only a loss to the individual, it's a loss to all of us" (p. 7).

It is troubling that the volume of research into the causes and possible solutions to the problem of social class inequality in higher education has not translated into an effective ameliorative collection of public policies and private actions. It is perhaps necessary to "think outside of the box" and consider how the issue might be addressed through altering some of the assumptions and structural limitations that serve to constrain action and prevent consideration of more creative, or even radical, approaches to the problem. One strategy is to look outside of the United States for alternative models for funding and supporting students in higher education.

Australia can serve as a source of insight and guidance in this matter, and function as an interesting and helpful comparative case to the United States. The Australian Higher Education Contribution Scheme (HECS) is a well-known and respected financing system that helps to reduce the number of students who are kept away from universities because of an inability to pay. Introduced in 1989, HECS was the world's first national income contingent university fee mechanism. Chapman (1996) notes that HECS "was a defining and radical policy decision that has influenced permanently how higher education financing is thought about in Australia, and possibly in many other countries" (p. 1). The scheme allows students to defer all tuition costs until after graduation, at which point fees are repaid through a graduated tax. The accumulated debt does not accrue interest but is subject to an annual adjustment for inflation. Means-tested student income-support and maintenance programs such as Youth Allowance and AUSTUDY support students while in college and help to improve the affordability of higher education.

The remainder of this paper will focus on the Higher Education Contribution Scheme—its history, its functioning within the Australian university system, and its possible use as a strategy to improve higher education access in the United States. Through a review of existing research and analysis of interviews conducted with higher education stakeholders in Australia, the following questions will be addressed: How do individuals within Australia view the Higher Education Contribution Scheme? To what extent does the cost sharing mechanism of HECS adequately reflect the balance of private benefits and societal returns to higher education? What is the realistic upper limit of HECS and related student fees? What is the relative value and efficacy of HECS compared to alternative student finance systems? And finally, what insights can be gained to inform a learned consideration of the potential value of a HECS-type scheme in helping to further educational access and opportunity in the United States?

Before focusing on the Australian system, it is important to examine the broader international context and consider the forces that are shaping and challenging higher education systems everywhere, in particularly the changing landscape of institutional funding, cost sharing, and student support systems.

The International Context

The rising cost of higher education is a significant public policy issue facing governments around the world. Many nations—particularly newly independent states and emerging democracies—are struggling with the conundrum of how to expand educational access in an era of smaller governments, shrinking tax bases, and growing demands on federal budgets. The increasing influences of globalization, including a general shift toward neo-conservative and "third way" political philosophies and legislative orientations, the privatization of state industries, the decline of Keynesian social welfare philosophy, and the growing influence of

economic rationalism in policy making are all changing the way higher education is viewed and administered. Concomitant with these forces is a changing perception of the relative mix of private and public returns to higher education, and an increasing "user pays" philosophy to match the growing belief that the individual is the primary benefactor of university-level study (Johnstone & Shroff-Mehta, 2000; Marginson, 1993, 1997a, 1997b; OCED, 1998).

Consistent with this change,is a global trend of shifting an increasing percentage of educational costs from governments to individual students and their families (Johnstone & Shroff-Mehta, 2000; Vossensteyn, 2001). In some countries this shift has taken the form of substantial increases in student fees, while in other nations tuition has been instituted where it did not previously exist. Tuition has recently been introduced in Austria, China, Poland, Russia, and the United Kingdom, and increased substantially in the Netherlands and Portugal (Johnstone, 2001c, Vossensteyn, 2001). User charges and other fees have been introduced in various African and Scandinavian countries, while the level of student living grants and maintenance support has been reduced in other nations, including many of the former Soviet republics (Johnstone, 2001c).

The issue of alternative student finance schemes and other forms of educational cost sharing have been the focus of a number of studies and publications produced by the International Comparative Higher Education Finance and Accessibility Project at the State University of New York at Buffalo. The purpose of the Project is "to study the worldwide shift in the burden of higher education costs from governments and taxpayers to parents and students" (ICHEFAP, 2002). Among the issues examined by the Project is the increasing use of student loans to fund higher education and the different types of cost recovery plans in use or under consideration in various countries, including graduate taxes and income-contingent repayment. Johnstone (2001a) notes that in addition to Australia, nations such as Sweden, New Zealand and

the United Kingdom are among the countries that have developed successful income contingent loan programs.

Johnstone and Aemero (2001) examined the possible use of an Australian HECS-type scheme to promote expanded higher education access in developing countries such as Ethiopia. They state that the exportability of such a system is enhanced when a government is politically able to sell the idea of cost sharing, is willing and able to forego up-front tuition payments, is willing and able to serve as a lender, and can borrow sufficiently to cover accumulated public indebtedness. It also is important that graduates have relatively consistent employment and incomes that will generate sufficient repayment revenue. The authors conclude that given the economic and political infrastructure of Ethiopia, it is unlikely that a HECS-type scheme would work in that country "either to produce an alternative revenue stream to taxes and deficit spending, or to enhance access and participation" (p. 14). However, for countries characterized by relative stability and advanced economic development, such as the United States, the Australian system is worthy of consideration as a possible mechanism for further opening the doors to higher education for individuals who might otherwise not have the opportunity to participate.

The Australian System

Higher education in Australia is a markedly different enterprise from that which exists in the United States. The university system is relatively small, with only 43 degree granting institutions, the vast majority of which are public (private higher education is a relatively recent phenomenon in Australia and accounts for only a very small percentage of enrollment). The system is largely federally controlled, with the national government playing a significant role in setting student enrollment quotas, establishing tuition rates, and providing institutional funding.

With a few exceptions, prospective students apply to attend university through a central tertiary admissions agency in their home state. The agency helps to facilitate the assignment of students to particular institutions and specific courses or majors based on their test scores, school performance, personal preferences, and the availability of space in selected universities. Most undergraduate degrees can be completed in three years of full-time work, with an optional Honors year. An increasing number of students also are pursuing dual courses or double degrees, which can extend the time of study to five or even six years. While tuition varies by academic program it is consistent across institutions, so that an individual studying a given field, such as chemistry, pays the same tuition at any public university in the country.

Higher education in Australia was largely an enterprise for the elite for much of its history. Less than 20 universities existed prior to 1970, enrolling a very small percentage of high school graduates, mainly individuals from advantaged socioeconomic backgrounds (Wran Committee, 1988). Tuition was relatively modest, representing no more than 10 percent of higher education revenues and approximately 15 percent of the cost of instruction by the early 1970s (DEET, 1993; Wran Committee, 1988). In 1974, the Australian Labor Party (ALP) and Prime Minister Gough Whitlam came to power after a long period of conservative government. One of the major initiatives of the Whitlam government was the elimination of university tuition and the institution of a major student financial assistance scheme, which "reflected the importance which the Commonwealth placed on education both in the national interest and for enhancing individual opportunities" (DEET, 1993). As Western (1983) noted,

> The two changes, the abolition of fees and the principle of university students' allowance, seemed to provide a radically new prospect for the Australian public concerning tertiary education. The only sector of public education that had required substantial fees was now apparently as open, on economic grounds, as primary, secondary, and technical education (p. 58).

The ultimate effect of these rather significant policy initiatives and their level of impact on university enrollments has been debated by scholars. Differences of opinion exist on the degree to which the abolition of fees promoted access and advanced class-based equity in higher education (Marginson, 1993, 1997b).

Following the dissolution of the Whitlam government in 1975, the conservatives regained power before a return to the ALP in 1983. Four years later, under the Prime Ministership of Bob Hawke, higher education in Australia began a transformation as radical, if not more so, than what had been initiated under Whitlam. The 1987 movement was led by John Dawkins, who had been appointed Minister of a newly established federal Department of Employment, Education and Training (DEET). The creation of DEET was a reflection of a growing movement in the Australian political and business arenas to more closely link education with economic development (Marginson, 1997b).

As the former Minister for Finance, Dawkins moved very quickly to institute a series of reforms designed to allow market principles to improve the efficiency and performance of higher education institutions. His 1988 white paper, *Higher Education: A Policy Statement,* outlined a number of significant policy changes that would forever alter the higher education landscape in Australia. Over the next few years, the federal education bureaucracy was centralized under DEET, the college and university sectors merged, the number of student places in higher education expanded, student fees reintroduced, and policy changed to favor applied research over basic, with an emphasis on industry partnerships and the generation of commercial revenue. These changes in higher education were part of a larger effort by the Commonwealth government to restructure the public sector in general. The end of a long period of economic expansion—together with a shift in the dominant economic philosophy in government from

Keynesian social welfare to an emphasis on free markets—led to deregulation, reductions in public outlays, and the attempt to improve the efficiency of public entities through privatization and the introduction of competition and other market forces (Baldwin and James, 2000; Macintyre and Marginson, 1998). The growing influence of economic rationalism and a "user pays" philosophy, together with an evolving shift in beliefs regarding the function of universities as engines of the collective good and as producers of private benefit, helped to shape a political climate that allowed for perhaps the most significant policy development brought by the Dawkins reforms: the reinstitution of tuition at public universities.

The Higher Education Contribution Scheme

As part of his reform agenda, Dawkins appointed a committee, headed by Neville Wran (the former premier, or governor, of the Australian state of New South Wales), to consider the reintroduction of student tuition or other user payments in higher education. The recommendations of the Wran Committee in 1988, including its assertion that the private returns to higher education justified the sharing of university costs by students, led to the introduction the following year of the Higher Education Contribution Scheme. After two years of experimenting with a $250[1] annual Higher Education Administrative Charge, HECS was instituted in 1989, requiring most undergraduate students to pay an annual fee of $1,800 for their university education. The Wran Committee had argued for a student contribution related to the cost of undergraduate instruction, eventually settling for a fixed rate of 23 percent of the average course cost (Karmel, 1999). In order to avoid disadvantaging students of lesser means, the fee was deferred until students graduated from or left the university. Students who were able and chose to pay the fee up-front were given a 15 percent discount. Deferred fees did not accumulate

[1] The rate of currency exchange as of May 23, 2000 was A$1.00 = US$0.56 = 0.61 eurosn. All monetary figures are listed in Australian dollars.

interest, but were annually adjusted by an amount equal to the rate of inflation. Repayment was made through a HECS payroll tax and contingent upon income. While no payment was required until a student earned over $22,000 annually, an amount of up to three percent of one's total income was deducted from his/her paycheck depending on the level of earnings above the minimum payment threshold.

Various adjustments in the HECS system have been made since its introduction in 1989. The discount for paying fees up-front was increased to 25 percent in 1993 "as a measure to increase the flow of funds from student contributions" (DEET, 1993). Following the return of the conservative Coalition government in 1996, a number of changes were made to the system as part of a broader attempt to reduce the federal budget deficit. The income threshold at which repayment of deferred charges began was lowered. The tax rate for HECS was adjusted to allow up to a six percent income deduction. HECS was substantially increased with the introduction of a three-tiered differential fee structure, with student charges assigned to individual courses based on instructional costs, the earnings potential of graduates, and the general popularity of the course. The result of these changes was an overnight increase in fees of between 33 and 122 percent, depending on program (Karmel, 1999). The government justified its actions by arguing that although the appropriate balance between the private and public benefits of higher education was difficult to establish, the private benefits were clearly greater than what was implied by the then existing free structure (Andrews, 1997). Finally, in 1998 universities were allowed to enroll full-fee domestic students above and beyond the quota established for HECS students. Students who did not receive a place at the university through standard procedures were now able to "buy" their way in, assuming they met the academic and other entrance requirements of an

individual institution. This policy has been widely criticized both within academic circles and in the Australian media (Way, 2000).

HECS charges have since been adjusted annually, with fees for the 2002 academic year ranging from a low of $3,598 for courses in the arts, humanities, social sciences, education, and nursing, to a high of $5,999 for law, medicine, dentistry, and veterinary science. A middle band of $5,125 exists for students studying the sciences, mathematics, computing, other health professions, agriculture, architecture, engineering, and business. Graduates begin repayment when their annual income reaches the minimum threshold of $23,242; individuals earning over $41,838 are subject to the maximum HECS payroll deduction of six percent of gross pay.[2] At the conclusion of the 2000 fiscal year over $6 billion was owed to the Australian government in HECS liabilities, a number projected to reach $11.4 billion by 2005 (DEST, 2002).

The Impact of HECS on University Enrollments

As noted earlier, one of the arguments advanced by proponents of the reintroduction of student contributions was that the elimination of fees in the in the mid-1970s had done little to change the composition of the student body in universities. Studies cited by Western (1983) seemed to confirm that even with the abolition of fees and the introduction of a generous student assistance scheme, higher education remained largely the province of the higher social classes. Certainly higher education continued to be largely an elite enterprise, with only 15 percent of the traditional aged cohort enrolled in universities in 1988. Unlike the United States, Australia had not yet moved to a system of mass higher education. This would begin to change through the creation of additional universities and the expansion of campus enrollments, largely underwritten

[2] According to data from the Australian Bureau of Statistics (ABS, 2002), the average annual earnings of full-time workers in November, 2001 was $35, 277. The average annual income from all sources was $37,752 in 1999-2000.

by student contributions through HECS. Total enrollments at Australian universities increased by 67 percent between 1987 and 1997 (Karmel, 1998).

Although HECS was ostensibly introduced partially as a means of broadening access to higher education, the scheme was criticized as a possible barrier to participation in higher education for persons of lower socioeconomic status, who already attended university in much smaller numbers compared to individuals of greater means. Shortly after the institution of HECS, the Commonwealth government commissioned two separate studies to determine if the scheme had changed the pool of students matriculating at universities (Bardsley, 1989; Robertson & Sloan, 1990). The studies, conducted in the states of Western Australia and Victoria shortly after the introduction of HECS, found that most students were not deterred by HECS from application or enrollment, although the Victorian study found that the student population had slightly skewed toward individuals from privileged backgrounds, while the number of distance education students dropped. A later study by the Higher Education Council, described by Clarke, Zimmer, and Main (1997), found that while HECS did not rate as a major concern overall to students considering higher education, it did possess the potential to discourage the aspirations of certain groups, including low-SES students from rural areas and individuals from single-parent families.

Although these studies could be rightly criticized for having been conducted too soon after the introduction of a major policy change, research commencing after a more reasonable length of time following the institution of HECS also suggests that the scheme has had little negative impact on enrollment behavior. Ramsey, et. al. (1998), in a survey of students at the University of South Australia, found that individuals from low-income backgrounds who participated in a special bridge program possessed views on HECS that did not differ

significantly from students in a control group—HECS represented no more negative an influence on the decision to enroll for the program students than it did for their peers. In fact, HECS had a more positive impact on the enrollment decision for the low-income students, while individuals in the control group were influenced more strongly by school teachers and members of their immediate families.

In his study of the effects of the 1996 changes in HECS on student university application behavior, Andrews (1997) found that based on an examination of trends in applications to university admissions centers, changes in the HECS scheme did not appear to affect the level of interest in pursuing higher education by recent high school graduates. However, a decrease in applications from "mature age" or nontraditional applicants was observed. The differentiating of fees by academic program also did not appear to affect the specific course choices of applicants. In a later study focusing specifically on students from low socioeconomic groups, Andrews (1999) found that HECS had little effect on university enrollments. According to his study, the deferability of HECS muted its possible role as a cost barrier to entry to higher education. Data also suggested that the introduction of differential or tiered HECS did not alter the specific academic course enrollment patterns of low-SES students. This finding was supported in a study by James, Baldwin & McInnis (1999), in which only 13 percent of traditional-aged university applicants rated "the level of HECS fees" as a "strong" or "very strong" influence on their field of study preference, which placed HECS at number 11 out of 13 possible factors. Numbers for non-traditional or "mature-aged" students were similar: only 14 percent of this group rated HECS as significant in their decision making, or last among 10 possible influences. Andrews concluded his 1999 study by stating

> It appears that a possible reason why HECS appears to have had little, if any, effect on the social composition of the student population is that the primary

> reason underlying the low participation by low SES groups in higher education relates to *values and attitudes toward higher education* (emphasis added) and not financial considerations (p. 25).

A similar theme appeared in a study by James et. al. (1999) of rural and isolated youth, in which family socioeconomic status emerged as the strongest influence on student attitudes toward university attendance, a factor stronger than both urban or rural status and the distance of one's home to the nearest university campus.

Among the sociological factors that may prevent more low-income students from attending university—in spite of the availability of deferred tuition and income contingent repayment—is the general unwillingness by some individuals to assume significant levels of debt to fund their postsecondary studies. Many researchers have suggested that certain individuals—including members of particular socioeconomic and sociocultural groups—have greater levels of debt aversion and are thus hesitant to borrow large sums of money to invest in higher education. For example, Baker and Valez (1996) state that low-income families in particular are less willing to assume financial risks, which leads them to avoid incurring debt as a means of financing higher education. However, Andrews (1999) found that the prospect of significant future debt also was found to not be a discriminating factor influencing the academic choices of potential university students, as individuals from lower-SES groups appeared to be no more debt averse than students of greater financial means when examining patterns in applications for mortgages and other personal loans.

Johnstone (2001b) suggests that for low-income, rural, and ethnic minority students, an aversion to debt may exist more as conventional wisdom than as an empirically proven phenomenon. Even assuming that some level of unwillingness to borrow does in fact exist within the population of potential students, the research still is less clear on the nature and extent

of debt aversion relative to different types of loans. Debt aversion may represent less of a psychological barrier to participation in higher education if the risks inherent in conventional, mortgage-type loans are minimized. For example, knowledge that one will not be required to make payments on a loan until he/she reaches a certain level of income—and will not be penalized by the intermittent accrual of interest—may provide a prospective student with just the level of comfort necessary to lead him/her to invest in higher education.

However, Johnstone and Aemero (2001) note that the question of which type of loan is more likely to lead to increased access to higher education is difficult to answer, given the lack of opportunities to observe individual behavior where more than one type of fiscally comparable loan scheme has existed over time. They state that

> The assumption by the proponents of income contingency that low income or ethnic minority or other hitherto under-represented students will be more willing to borrow *income contingently*—and thus more likely to participate in higher education (than if the equivalent loan were to be offered only on conventional terms)—is plausible, but unverified (p. 10).

While further research into this critical issue is clearly needed, a closer examination of the effectiveness and efficacy of income contingent loans within the Australian context can provide insight into how the unique program in existence in that country might serve as a source of information and guidance for other nations considering such mechanisms to advance equity and access goals within higher education.

Views of Stakeholders Within Australia

As a visitor to Australia in late-2000, the author sought to determine how various individuals connected to higher education interpreted the mix of private and public benefits of university attendance, their views on the extent to which beliefs about value had influenced federal policy making on cost-sharing and student fees since 1988, and their opinions on the

relative value and efficacy of HECS compared to alternative systems of university and student financing. Interviews were conducted in November and December of 2000 with 17 individuals involved in a variety of roles within the higher education sector in Australia. Interviewees included university faculty, students, representatives of interest groups such as unions and lobbying organizations, government officials, and university administrators in two Australian cities. Participants were identified using purposive sampling techniques (Patton, 1990) with advisory assistance from local researchers to represent a diversity of roles, experiences, and perspectives on higher education finance and equity.

The final participant pool consisted of 12 men and five women, who for logistical and efficacy purposes are classified in the report of findings as *economists* (4); other *academics* (3); university *administrators* (2); *civil servants* (2); and *interest group representatives* (6). Interviews were conducted using a structured format of nine pre-determined questions to allow for comparison of participant responses. Individuals agreed to participate in the study with the understanding that their identity would remain confidential and that reported comments would not to be attributed to specific individuals. Interviews were not audiotaped but were summarized via researcher field notes. In addition to questions about the balance of public and private benefits of higher education, participant views were sought regarding the effectiveness of HECS as a mechanism to meet the twin government goals of formalizing cost-sharing between providers and recipients of higher education and of promoting access for Australian citizens. Questions were also asked about the nature and impact of the 1996 changes to the HECS system, the possible effect of further fee increases on university enrollments, and anticipated future direction of Australian higher education policy. Reponses to six of the nine interview questions most relevant to the research focus of this paper are summarized below.

Question: Most would agree that higher education results in benefits both to the individual and to society. However, there is great disagreement on how the total benefit is divided between the two. What is your view on how much benefit is captured by the individual, and how much spills over to society?

While few participants attempted to provide a percentage breakdown of the totality of benefits in the public and private domains, all acknowledged that higher education provides returns to both the individual and to society, citing a number of examples of each type of benefit. Participants noted the challenges inherent in both determining the specific breakdown of individual and societal benefits, and in quantifying the public returns to higher education—both of which create difficulties for academics as well as policy makers. A few participants stated that definitive answers to the problems of classification and quantification simply don't exist. Those individuals who did provide estimates of the relative mix of public and private benefits of higher education varied in their assessments. However, when summarized, the collective estimates resulted in a fairly even split among the two types of returns.

Two of the academics and one of the economists referred to the increasing influence of endogenous growth theory and the value of education in enhancing one's general capacity to learn and improving one's ability and propensity to influence the learning of others—both of which ultimately result in benefits to society. Three of the participants referred to a University of Melbourne study (Borland, et. al., 2000) which found that the public benefits of higher education had recently begun to surpass its private returns, partially as a result of the increase in student fees. One academic cautioned that public and private benefits are not mutually exclusive and therefore should not be thought of as discreet entities. This was echoed by a civil servant, who expressed his belief that the existing studies of the private vs. public benefits of higher education were overly simplistic in their inappropriate placement of gains in one dichotomous category or the other.

A number of participants noted that the levels of public and private benefit varied by academic discipline. A civil servant suggested that education and nursing majors provide greater benefit to society than do graduates of programs in law and medicine. A interest group representative suggested that while many medical graduates receive a large private benefit from their training in the form of relatively high salaries, an "overwhelming" public benefit also exists by the simple virtue of having the services of physicians available in the community.

The limits of economic analyses were discussed by one academic, who suggested that economics cannot provide a holistic social theory for determining the extent and value of public benefits. He stated that while economic tools work well in measuring the private monetary benefits of higher education, their efficacy is limited in attempts to measure the broader impact of education on a democratic society and culture. Along similar lines, an interest group representative noted that in-depth qualitative studies on student attitudes and values were missing from the general research base on the value of higher education. She suggested that studies conducted by the Commonwealth government essentially represented an attempt to sell to the public both the merits of HECS and the "appropriateness" of cost sharing, including economic and moral value of individuals making a personal financial investment in their own higher education. She further stated that the government has a stake in not understanding the full scope of the issues involved, and thus relevant research has been largely limited to economic analyses and has made little use of other methods of social science inquiry. Another interest group representative questioned the motives of those who attempt to quantify the benefits of higher education, suggesting that such efforts are simply designed to provide a rationalization for the assessment of student fees.

With two exceptions, all of the participants expressed a belief that the existence of a mix of public and private benefits to higher education justified some level of cost sharing between students and the federal government. Of the two exceptions, an interest group representative suggested that higher education should be tuition free, regardless of the advantages that accrue to individual participants, and that those who personally benefit through participation could be charged accordingly through progressive taxation of their future income. Another interest group representative suggested that society, or the state, should pay for higher education in order to insure equitable access for all.

Question: How has a consideration of these issues—of the public vs. private benefits of higher education—influenced policy development and legislation, particularly in regard to the funding of universities and the contributions of students?

All of the participants expressed a belief that a consideration of the balance of public and private benefits in higher education had to some extent theretofore influenced the development of policy on student fees. While two individuals noted that the debate had "little" actual influence on policy, a number of participants believed that the issue had been central to decision making, either in the development of the original HECS model or in determining the appropriate arrangement of cost sharing by students and the federal government. Three individuals suggested that political motivation played a more significant role in decision making, while three participants expressed their belief that economic factors were primary in policy making—a simple need to generate additional outside income to fund higher education while balancing budgets. A civil servant claimed that the existing research on the value of externalities and public returns to higher education lacked a solid empirical foundation and was generally not convincing in its arguments. He suggested that as a result, an individual ultimately must acknowledge that a public benefit to higher education exists, but recognize that the resulting

policy response becomes one of a primarily political nature rather than one grounded in evidence from research.

A number of participants suggested that arguments about private benefit were used by individuals in power to justify or rationalize the introduction of and increases in student fees. One academic suggested that this alleged fact was not new, but that notions of public/private benefit had historically been used to justify a variety of policy decisions in higher education. Another academic suggested that the fiscal imperatives cited to justify the increased private contribution in higher education were actually counterintuitive to popularly held positions within Australia, including general views about state responsibility for the provision of public services such as education, and the cultural values of civic duty and investment in youth. Two participants noted that arguments about regressive taxation and inequity—including suggestions that small business owners in rural Australia were unfairly paying for the education of "rich kids"—helped to make HECS an easier political sell.

Two individuals suggested that arguments about private and public benefits are used by parties on both the left and the right ends of the political spectrum to support their respective ideologies and policy positions. An interest group representative suggested that while policy regarding student fees ultimately was made primarily on the basis of economic rationalism and the need to raise outside or private funds, left-leaning parties used the notion of public benefit to buttress their own positions regarding the need to insure access and equity in higher education through the minimization of individual costs. An administrator suggested that the public/private debate had in fact influenced policy and legislation very little—that the public discourse regarding the benefactors of higher education possessed only symbolic value in reinforcing the existing beliefs and prior positions of the various concerned parties.

A civil servant suggested that the public/private debate was very important in the original development of HECS, and that the existence of a clear individual benefit justified the reintroduction of university tuition. He noted that the increase in HECS charges in 1996 was motivated by a belief that while the public/private breakdown could not be exactly determined, the value of the private benefit of higher education was certainly greater than what individuals were contributing in fees. One economist suggested that with the lack of good tools to measure the specific mix of public and private benefits, policy makers used the pre-1974 fee structure as a guide in determining the appropriate HECS fee. He stated that prior to the elimination of tuition fees in 1974, students were charged on average between 20 and 25% of the cost of instruction, although few students actually paid the full fee due to widely available scholarships and other support schemes. This figure was used as a benchmark in the creation of the HECS in 1989. An interest group representative suggested that the level of HECS fees was based to some extent on guesswork regarding the amount of personal benefit people received from higher education. She questioned why a similar approach to funding was not made with other forms of education, ostensibly wondering why universities should be treated differently from the training and vocational sector, or perhaps even primary and secondary education. An economist noted that the debate about the public vs. private benefits of education occurred only in relation to universities, since they represent the sole sector in which fees are charged. He claimed that even if research were to show that externalities represented one-fourth of the benefits of primary school, people would still insist that the state cover the educational costs.

Question: In 1996, the HECS system was revised, resulting in differential student charges based on the cost of course delivery and the projected future income of students. What are your views on this change? Was it the right thing to do? Do current HECS rates accurately reflect the rate of private benefit of higher education?

While most of the participants supported the establishment of the three-tier HECS system in 1996, many also were concerned about the logic employed in determining how courses would be assigned to the different groups. One civil servant suggested that the tier system was a "dog's breakfast"—that it was diffuse and lacked a strong underlying policy basis. An administrator noted that while he agreed with differential HECS in principle, the resulting policy actually compromised principles by its having been developed through political deals rather than from an algorithmic foundation of benefits and costs. An academic suggested that differential HECS amounted to the introduction of market forms to a non-market system. He clamed that the 1996 policy changes were political decisions based on what voters would be willing to bear and what would raise sufficient revenue for the government.

With a few exceptions, participants generally acknowledged that it was appropriate to tie fee levels to the cost of instruction of respective academic programs. Less support existed, however, for the use of average or expected earnings as a criteria for determining how tuition would be assigned. Five of the participants questioned why anticipated earnings needed to be taken into consideration in the development of differential HECS when the existence of a progressive taxation system was effective in assessing higher rates of repayment to individuals with greater levels of income. A civil servant went as far as to describe the use of anticipated income in fee assessment as "ludicrous" since some occupations have a very wide range of earnings. Numerous examples were given of individuals pursuing courses assumed to lead to higher salaries who instead took lower paying jobs in public service. The case of law was cited by seven participants as a course that involves low instructional costs but was placed into the highest band of HECS due to the assumed private payoff to persons graduating with legal

credentials. Three of the participants suggested that the personal dislike of lawyers by policy makers played a role in the decision to charge law students the highest rate of HECS.

A few participants suggested that the government had gone too far with their restructuring of the HECS system in 1996. Concerns were raised about the general level of charges and the volume of debt that individuals would accumulate by graduation. Four participants—three different interest group representatives and an academic—raised the issue of debt aversion and the possible impact of HECS on the enrollment of low-income and mature-aged students. Two participants noted that the lowering of the repayment threshold was particularly problematic and possessed the potential to seriously disadvantage some students, including individuals who maintain full-time employment while pursuing retraining or skill upgrades and who, because of their income level, often enter HECS repayment immediately following enrollment.

Question: One could argue that HECS does not prevent students from accessing higher education, because fees can be deferred until the course is completed. Might a point be reached, however, where the level of future debt becomes so great that students choose to not enter university?

The majority of participants acknowledged that a "tipping point" for the level of HECS fees probably exists, but that it was difficult to determine at what level of costs student enrollment behavior would be significantly influenced. While most felt that fees could continue to be raised before the tipping point was reached, two interest group members suggested that HECS had already been raised to or beyond acceptable levels.

A number of participants suggested that certain groups of students are more debt averse and thus would be differentially affected by an increase in fees beyond a particular amount. In contrast, a civil servant suggested that students are not particularly debt averse. He stated that the generally inelastic demand for higher education, along with the fact that many young people

do not worry much about the future, results in a relative unresponsiveness to HECS among prospective students. An academic expressed her belief that while many current students likely do not think of themselves as possessing a large debt, the financial deterrence of potential students still represented a "real prospect" that needed to be carefully monitored. One administrator suggested that many students do not make the effort to "do the math" regarding the cost of university study, while another noted that social rather than financial factors are primarily responsible for keeping individuals out of higher education. An interest group member expressed her belief that the lack of good information about the true extent of debt aversion, in particularly the impact of different fee structures on enrollment decisions, represents a gap in the existing research.

Question: Various alternatives to the financing of higher education have been proposed, including voucher systems, national scholarships, HECS premiums, etc. What are your views on these options? Is there a better way to structure student fees?

Question: Some are calling for greater deregulation of universities, including giving institutions the authority to set their own fees. Should this be done?

Because these questions were thematically related, and a significant overlap resulted in participant responses, they are summarized together. As might be expected, economists were generally in favor of the deregulation of universities and the implementation of alternative financing schemes, while interest group members were largely opposed. A third group of participants cited the potential problems brought by the deregulation of fee structures but suggested ways to minimize the negative impact of such an action if no other options existed to raise additional institutional revenue.

Those who were opposed to deregulation cited numerous access and equity concerns and expressed a general fear that giving individual universities the authority to determine fees would inevitably lead to an exacerbated stratification of institutions along social class lines. It was

projected by this group that deregulation would cause the more prestigious universities to become even richer, while the smaller and regional institutions would experience a decline in resources leading to decreased academic quality and possibly closure. Three individuals—an academic, an administrator, and an interest group representative—asserted their belief that universities are not market entities, and that subjecting institutions to traditional economic forces through deregulation would be problematic, if not "dangerous". One academic questioned whether students as a whole possessed the necessary expertise to make decisions about institutional and course enrollment, suggesting that producers (institutions) were in a better position to determine the appropriate kinds and mix of knowledge that should be collectively provided. An interest group representative wondered if deregulation would lead universities to lower their academic standards in order to enroll a larger number of students.

A few participants referred again to the public benefits of universities, suggesting that the government, and not individual institutions, was in the best position to determine societal needs and should therefore retain responsibility for determining the appropriate institutional and course enrollment distribution and allocation of public funds. One economist questioned what message would be communicated about the value of externalities if universities were allowed to charge higher up-front fees. An interest group representative stated that the public good provided by universities included the promotion and advancement of "social cohesion" brought by the presence of a diverse mix of students on individual campuses—something that would be lost with the increased elitism he believed would be brought with industry deregulation.

Participants who expressed their support for vouchers cited the potentially beneficial effects of providing increased power to student consumers, who would be able to "vote with their feet" and thereby force universities to be more responsive to their needs. Those in favor of

possible alternative finance schemes indicated the importance of either expanding HECS or providing a similar income contingent loan program that would enable students to defer any premiums charged to them by individual universities on top of the value of the voucher or of the standard, government determined fee schedule. More than one participant noted that some form of government regulation, such as caps on the level of fees, would be needed to help blunt the impact of deregulation on students and to prevent adverse enrollment and/or economic effects on regional and less competitive universities.

Summary of Participant Interviews

While a wide range of views existed within the group of individuals interviewed for this study, the majority opinion that emerged was that HECS is a relatively good system based on reasonable principles of cost sharing and a common responsibility for investment in higher education between the government and individual participants. Almost all participants expressed a belief that the presence of both individual and societal returns to higher education justified the assessment of some level of student fees. However, disagreements existed as to the *relative mix* of public and private benefits, with many participants noting the inherent difficulties in the identification and quantification thereof and the limitations of research in attempting to achieve such a goal. All of the participants stated a belief that a consideration of the public and private benefits of university study had to some extent influenced higher education policy. However, many also felt that political motives, economic exigencies, historical benchmarks and/or guesswork had been involved as well. Some believed that public statements and conversation about the different benefits of higher education functioned only to support or justify previously held political positions regarding university finance.

Participants expressed less support for the 1996 policy changes that resulted in the differentiation of HECS fees by course of study. While most felt that linking student charges to the cost of instruction was appropriate, many were also critical of the use of anticipated income as a factor in determining tuition levels. On the issue of a possible tuition "tipping point", a general sense emerged that the identification of a realistic fee ceiling was difficult, but it had likely not yet been reached. A number of participants expressed caution, however, that debt aversion was a legitimate psychological factor that needed to be considered in order to prevent the disenfranchisement of lower-income individuals from higher education.

The study participants were divided on the issue of fee deregulation and the introduction of alternative systems of higher education finance. Those in favor of one or both possibilities cited the benefits of a demand-driven system that would result in increased consumer power, force the hand of universities to be cost conscientious and more responsive to student needs, and provide institutions with the means to raise additional funds and operate with greater flexibility. Those participants opposed to the reduction of price controls expressed concerns that a deregulated system would lead to increased elitism and the creation of clear categories of "haves" and have nots" among institutions, with the latter suffering from a lack of resources and a concomitant deterioration of academic quality, with the possible closure of some campuses as a result.

Alternatives to the HECS System

Since the institution of the Dawkins reforms in 1988, and in particular following the 1996 revisions to the HECS system described earlier, various academics, commentators, and politicians have weighed in on the alleged benefits and costs, if not the goodness and evil, of the Higher Education Contribution Scheme, and offered many proposed adjustments and significant

changes to the existing model. Shortly after the 1996 HECS modifications, the Commonwealth Department of Employment, Education, Training and Youth Affairs appointed a committee, headed by Roderick West, to conduct a comprehensive review of higher education financing and policy. While stopping short of endorsing a voucher system per se, the West Committee proposed a series of stages of reform that would first provide students with a set government subsidy and allow individual universities greater flexibility to determine their respective fee structures. The latter would initially be constrained by government-determined limits in response to concerns about price shock and the ability of some institutions to hold their own in a more competitive market. Stage two of the reforms would provide for the redirection of Commonwealth appropriations consistent with student choice, as opposed to the current system of funding enrollment targets in conjunction with centrally-planned quotas. In stage three, the government would allocate a set totality of funds according to the distribution of student enrollment among universities. Eventually, postsecondary study would become an entitlement for all first-time degree seekers.

The West Committee noted that in a deregulated market, it is possible that a given institution might set tuition for a given course at a level no higher than the value of the government subsidy. In such a scenario, the student enrolled in such a program would make no individual financial contribution. This would represent a significant departure from one of the key philosophical underpinnings of HECS—that the private benefits of higher education justify some level of cost sharing between participants and society. The committee notes that instead, in this particular case "government funding would be become more explicitly a mechanism to buy access to higher education for students on the community's behalf" (p. 130).

Drawing on the West Committee report, federal Education Minister David Kemp (1999) proposed a series of higher education reforms that included the replacement of the existing HECS model with a system of interest-bearing loans, the extension of borrowing privileges to students attending private institutions, and the involvement of private lenders in student financing. The confidential cabinet submission was subsequently leaked, resulting in significant public backlash from within higher education circles and from the Australian media. Conservative commentator Lauchlan Chipman noted that on the day the proposal was leaked, "Australia's higher education system was done inestimable harm" (p. 11).

The lack of a physical, tangible, or otherwise visceral experience of currency or value exchange has been identified as a weakness of the current HECS system by various individuals proposing that Australia move to a more market or consumer orientation through the introduction of some form of voucher system, as opposed to the centrally-planned or producer-based model currently in existence. For example, a voucher-type government subsidy is a key component of the alternative "SuperHECS" scheme proposed by economists Paul Miller and Jonathan Pincus (1998). "SuperHECS" would provide students with a set government allowance and extend the existing HECS system to cover the cost of any remaining tuition and fees, which would be determined by individual institutions. The government subsidy would equal 50 percent of average instructional costs, which the authors stated was consistent with the value of the public benefits of higher education as determined by a leading Australian economic policy think tank, the Productivity Commission. Miller and Pincus noted that setting the level of subsidy to an average of all courses, as opposed to the course-differential model under the existing HECS system, "would be consistent with the primary reason for providing subsidies, namely to cover the value of externalities associated with the teaching functions of universities" (p. 176). As

with other proposed models, Miller and Pincus include in their recommendations a possible ceiling on institutional fees, allowances to fulfill equity objectives, and the provision of scholarships to respond to emerging national priorities and workforce needs for individuals with particular skills and training.

Another alternative to the existing HECS model was outlined by Peter Karmel (1998), a long-time public servant and higher education scholar in Australia. Karmel reviewed the benefits and disadvantages of a variety of proposed models of university finance, including vouchers, performance-based funding, competitive tendering, and tuition premiums. While noting his ultimate preference for a system of universal entitlement to higher education, Karmel proposed as a reasonable alternative the institution of a national scholarship scheme that would fund a set number of university places to be determined by Commonwealth economic and social needs. He noted that higher education costs "would be shared explicitly between the two beneficiaries: society and the individual student" (p. 175), suggesting that the scholarship, or government subsidy, would be 60-65 percent of the costs of instruction, with students responsible for the balance through HECS. The awarding of scholarships could be based on merit-based criteria, with allowances to meet equity objectives and respond to the particular circumstances of older students.

In a later commentary on the various neo-liberal and economic rationalist ideology influencing higher education policy in Australia, Baldwin and James (2000) expressed their opposition to the possible expansion of market forces within the university sector, noting that the prospect of deregulation combined with a voucher scheme was "exhilarating to some, but very alarming to others" (p. 141). They cautioned that students are not necessarily the informed consumers or rational economic actors that proponents of some alternative models assume them

to be, and that students and communities would suffer if the market for higher education would be allowed to freely operate. The authors suggested that increased competition among universities conflicted with one of the central elements of Australian higher education policy—a commitment to equality of opportunity. They noted that the existing policy enabling universities to compete for and enroll full fee-paying and high-achieving students threatened to return higher education to a province of the elite, and that the "deep tensions between competition and equity, between individual choice and the public good, are major fault lines running through the system at present, and at times seem to threaten its stability" (p. 141).

The deregulation of tuition policy and the introduction of alternative finance models are not necessarily inextricably linked, however, but can be decoupled, as was noted in one of the interviews described earlier. For example, the Australian Vice-Chancellors Committee, an organization representing Australia's university presidents, expressed in a 2000 discussion paper its opposition to vouchers while advocating for universities to be able to determine their respective enrollment levels within agreed-upon ranges. The AVCC also indicated its desire that individual institutions be given the authority to admit greater numbers of full fee-paying students, with the extension of income-contingent loans to allow said enrollees to access the capital necessary to fund their education. The AVCC noted that while a number of universities—in particular the leading research institutions within Australia—desired greater flexibility to set tuition levels, the Committee did not propose "top-up" fees or surcharges for students supported through existing HECS arrangements.

Insights and Recommendations

The views expressed by the participants in this study are largely consistent with existing research, which suggests that HECS or a HECS-type system can result in numerous benefits to

both governments and students and can be used as a model for other countries that are trying to address problems related to inequitable access to higher education. However, while a number of particular economic, political, and cultural factors enable the system to work effectively in Australia, these variables may not exist in the same form in other nations. The Australian context is characterized by centralized control of university enrollments, standardized tuition, low student mobility, the dominance of public institutions, limited private involvement in educational finance, and the modest size of the higher education sector and the nation at large. Nations with distinctly different profiles, histories, economic and political structures, and cultural orientations would likely face a number of challenges in implementing a HECS-type system. However, even with these caveats, the Australian system, or elements thereof, is worthy of consideration as a possible mechanism for further opening the doors to higher education for individuals who might otherwise not have the opportunity to participate. Still, a number of critical issues would need to be addressed before a system similar to the Australian HECS model could be implemented in the United States. A few of these issues are outlined below:

The role of private financial institutions. Unlike Australia, the United States student financial aid system involves a large network of private lenders, consolidators, guarantee agencies, and collections specialists who work in partnership with federal and state governments to manage a massive volume of student loans. The needs and demands of this collection of private interests would need to be incorporated into any development of a student support system similar to HECS. This need is made even more critical by the fact that extensive political opposition exists in certain circles to the current federal Direct Loan program, which would certainly intensify in response to proposals to significantly expand the government's role in providing student financial assistance.

The potential scope of the program. Funding a HECS-type system would likely result in a large growth of government educational indebtedness to a level much greater than the current volume of publicly-held student loan debt. Questions must be asked about the government's—and the public's—willingness to increase the financial liabilities of the federal treasury to fund a HECS-type scheme, particularly in a renewed era of budget deficits and increased economic and political uncertainty. As only public institutions are included in the HECS program in Australia, serious consideration would need to be given to how private colleges and universities in the United States would be incorporated into a similar type of scheme .

The potential cost of the program. Providing HECS-type loans with no real interest rate would require a significant financial investment on the part of government. Although the federal government currently provides extensive loan subsidies through the deferral of interest while students are attending college, this subsidy largely ends when individuals graduate and begin repayment at interest rates comparable to what would be offered in a free market. A system of zero-interest or CPI-indexed loans with graduated or income-contingent repayment would greatly increase the total subsidy paid by the federal government. Not only would this involve significant new budget demands, but it would also raise issues related to the appropriate level of educational subsidy for students in higher education. As such, the government would need to consider the relative value and merits of such outlays when various other social services and government programs call for similar or increased attention. More research and public discussion would be needed to further delineate the public and private benefits of postsecondary study and the optimal level of cost sharing between governments and students that maximizes both the individual and societal returns to higher education.

Pilot studies. A smaller-scale piloting of a HECS-type system could be implemented in one or two states. These pilot programs might involve a singular university or perhaps all of the institutions in a particular university system. Financial assistance for the pilot programs could be provided to states by the federal government by diverting money from the federal Pell Grant. Money that would otherwise be sent to individual institutions to support student attendance through need-based federal grants would instead be given to states to help cover the administrative and operational costs of the HECS-type program, as well as provide states with funding to help pay for subsidizing zero-interest loans. The program could be evaluated after a five-year period to assess its efficacy in expanding access to higher education for low-income individuals. If deemed effective, the program could be implemented in other, perhaps larger states before being expanded nationally.

The limits of financial strategies to address sociocultural problems. As discussed earlier in this paper, the continued socioeconomic gap in worldwide university enrollments is a function of numerous and wide-ranging factors. While a lack of adequate financial resources undoubtedly keeps millions of otherwise qualified and capable individuals out of universities, many other psychological, sociological, cultural, and structural variables also are involved in maintaining, if not exacerbating, class inequality in higher education. For example, the issue of debt aversion was raised as one possible contributing factor in the underrepresentation of some social groups in universities. Certain individuals may not participate in higher education if doing so requires the assumption of significant levels of debt. Governments must consider the extent to which this fact is a social problem that can or should be addressed through public policy, or if the lack of willingness to borrow money simply represents a consumer choice by individuals who do not place a high enough value on higher education to motivate them to make the sacrifices or

investment decisions required for participation. Debt aversion and other sociological barriers to higher education will likely not be solved through the implementation of income contingent loans or other elements of the HECS system. Rather, these issues require additional and varied uses of time, talent, and financial resources to discuss, research, and problem solve for the long-term benefit of society.

Conclusion

A quarter-century after the seminal work by Howard Bowen (1977) on the issue, the quandary of identification and measurement of the various public and private benefits of higher education remains. In an article for the Australian journal *Quadrant,* West Committee member and former university president Lauchlan Chipman (2000) attempted to summarize the various public and private benefits of higher education while noting the associated dilemma this presented to the committee in its review of university finance policy. He stated that the committee came to the view that while both individual and society benefits are generated by university study, the relative balance or mix of individual and societal returns must inevitably be determined and expressed through the political process. His assessment of the challenges faced by those who attempt to index cost and fee structures to the specific balance of public and private benefits of higher education is consistent with the views expressed by many of the participants in the study discussed in this paper:

> Where does the balance lie? Plainly it is impossible to develop a credible quantitative matrix for rationally measuring all of the listed private and public benefits. This is not just because of what some would argue is an essential diffuseness in the public cost and benefit domain. Rather, it lies in the inherent subjectivity of the value one assigns to some of the public costs and benefits (p.14).

With the clear presence of both individual and societal returns to higher education, and with postsecondary study serving as such a strong vehicle for economic development and social

mobility, additional research is needed on the role of public policy in promoting increased access and opportunity for college attendance, and the possible value of an Australian HECS-type system in advancing class-based equity objectives in American higher education. This research is imperative to help reverse the trend of talent wastage among the youth of our nation—particularly our low-income youth—an effort that is necessary to improve the lives of individuals by removing obstacles in the pursuit of their goals and aspirations, and to promote a stronger, more cohesive democracy for future generations.

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